

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 NEA-06 IO-10 ISO-00 CAB-02 CIAE-00

COME-00 DODE-00 DOTE-00 INR-05 NSAE-00 RSC-01 FAA-00

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FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC 1821

INFO AMEMBASSY LONDON

AMCONSUL MONTREAL

AMEMBASSY PARIS

USMISSION GENEVA

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DEPT PASS CAB & DOT

EO 11652: N/A

TAGS: EAIR

SUBJECT: CIVIL AVIATION: INCREASED PRESSURE TO ALTER OFFICIAL IATA
EXCHANGE RATE FOR LEBANESE POUNDS IN PURCHASE OF AIR TICKETS

1. AS IS KNOWN, THE IATA RATE FOR THE PURCHASE OF AIR TICKETS
IN LEBANON IS BASED ON \$1.00 - LL 3.50, EVEN THOUGH THE
ACTUAL RATE OF THE DOLLAR VIS-A-VIS THE LEBANESE POUND IS
\$1.00 - LL 2.30 APPROXIMATELY (UP FROM A LOW OF \$1.00 -
LL 2.20). THIS ARTIFICIAL RATE HAS BECOME INCREASINGLY THE
OBJECT OF SHARP CRITICISM IN SOME QUARTERS AND HAS RESULTED
IN A RECOMMENDATION BY THE APPROPRIATE PARLIAMENTARY COM-
MITTEE FOR A REDUCTION TO \$1.00 - LL 2.50. (LEGISLATION
IS OF COURSE REQUIRED TO CHANGE THIS RATE.)

2. LED BY MEA, THE OPPOSITION TO ANY CHANGE HAS BEEN
FORCEFUL AND EFFECTIVE SO FAR. EVEN THE TWA REPRESENTATIVE
FAVORS THIS ARTIFICIAL RATE. THE PANAM REGIONAL
REPRESENTATIVE, ON THE OTHER HAND, STATES HE HAS LENT
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SUPPORT TO MAINTAINING THE RATE ONLY AS A GESTURE OF

LOCAL SOLIDARITY. HE BELIEVES, HOWEVER, THAT IT DOES NOT SERVE PANAM'S INTEREST.

3. OUR GUESS IS THAT MEA WILL TRY TO OPPOSE OR POSTPONE A CHANGE AS LONG AS POSSIBLE. UNDER PRESENT CIRCUMSTANCES, WE ESTIMATE THE PROPOSED CHANGE IN RATE WOULD PROBABLY REDUCE MEA'S REVENUES BY LL TWO MILLION ANNUALLY, A RELATIVELY SMALL AMOUNT IN LIGHT OF ANTICIPATED PROFITS OF ABOUT LL FORTY MILLION.

4. IT IS OUR UNDERSTANDING THAT THE LEBANESE FOREIGN OFFICE FAVORS A LOWER RATE ON THE GROUNDS THAT IT IS IN THE COUNTRY'S OVERALL INTEREST. MEA, HOWEVER, IS A FORMIDABLE OPPONENT. THEREFORE, UNLESS STRONGER AND MORE INFLUENTIAL OPPOSITION DEVELOPS, MEA COULD WELL SUCCEED IN DELAYING A CHANGE UNTIL IT OBTAINS DELIVERY NEXT YEAR OF THE THREE 747 JUMBO JETS IT HAS PURCHASED. WITH THIS ADDITIONAL CAPACITY AVAILABLE, INTEREST IN MAINTAINING THE ARTIFICIAL RATE WOULD BE SUBSTANTIALLY REDUCED.
HOUGHTON

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